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**WATERWORKS DISTRICT #7
OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/3/10

WATERWORKS DISTRICT # 7
OF EAST FELICIANA PARISH
TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Statement of Net Assets	8
Statement of Revenues, Expenses and Changes in Net Assets	10
Statement of Cash Flows	12
Schedule of Expenditures for Federal Awards	13
Notes to Financial Statement	14
Independent Auditor's Report on Supplementary Information	22
Statement of Revenues and Expenses - Percentage of Total Operating Revenue	23
Statistical Data	24
Supplementary Information - Schedule of Insurance in Force	25
Comparative Data	26
Schedule of Revenues and Expenses - Budget Comparison	27
Other Required Reports:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28
Schedule of Findings and Questioned Costs	30

BASIC FINANCIAL STATEMENTS

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November 18, 2009

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Waterworks District #7
East Feliciana Parish
Clinton, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Waterworks District # 7 of East Feliciana Parish , as of and for the year ended June 30, 2009 , which collectively comprise the Waterworks District # 7 of East Feliciana Parish basic financial statements as listed in the table of contents. These financial statements are the responsibility of Waterworks District # 7 of East Feliciana Parish's management. Our responsibility is to express an opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Member of:
American Institute of Certified Public Accountants
Arkansas Society of Certified Public Accountants
Society of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT
(CONCLUDED)

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Waterworks District # 7 of East Feliciana Parish, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2009, on our consideration of the Waterworks District # 7 of East Feliciana Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 7 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterworks District # 7 of East Feliciana Parish's basic financial statements. The introductory section, combining and individual non major fund financial statements, statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Waterworks District # 7 of East Feliciana Parish. The combining and individual non major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

 James M. Campbell CPA, APC

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2009**

Our discussion and analysis of Waterworks District No. 7 of East Feliciana Parish's financial performance provides an overview of Waterworks District No. 7's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

This discussion and analysis is required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued June 1999.

FINANCIAL HIGHLIGHTS

1. The District's net assets increased by \$41,682 during the year ended June 30, 2009 due to net income of \$41,682. Revenues for the current year increased by approximately \$24,500 while operating expenditures decreased by approximately \$14,200 from the prior years amount. Water sales have increased over the previous year by \$9,800 mainly due to an increase in the number of customers and increased water usage. A reimbursement of \$12,159 for Hurricane Gustav's damages was paid by the Federal Emergency Management Agency (FEMA) during the current year which is a nonrecurring revenue. The decrease in operating expenses during the current year was primarily due to the District taking over the operation of the system from the management company as of September 2007. The June 30, 2008 expenses included management fees of \$27,712 for July and August of 2007 before the District began to operate with their own personnel. There were increases in some other operating expenses during the current year mainly due to the hurricane which partially offset some of these savings.
2. The District had \$330,989 in revenues which were primarily from water sales and related income and from interest income. There were \$302,307 in expenditures. Of the total expenditures, \$59,765 was for depreciation and amortization expense which is calculated as a straight-line write off over the estimated useful lives of the District's capital assets. Depreciation expense does not require a cash outlay as the capital assets being depreciated have already been paid for, or are being paid for over time with financing through revenue bonds.
3. Total net assets increased by \$41,682 while unrestricted net assets increased by \$37,290. The increase in unrestricted net assets was caused by netting \$4,392 additional funds being restricted as required by the loan agreement and the \$41,682 net profit for the year. Unrestricted net assets are those assets available to meet the day-to-day operating needs of the District.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Waterworks District's basic financial statements. The District's basic financial statements comprise three parts: 1) Management's Discussion and Analysis, 2) the financial statements, and 3) notes to the financial

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2009**

statements.

The proprietary fund financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses and changes in net assets presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.

The statement of cash flows presents information showing how the District's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

FUND FINANCIAL ANALYSIS

Net assets may serve as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$898,696 and \$857,014 as of June 30, 2009 and 2008 respectively.

The following is a condensed statement of Waterworks District No. 7's net assets as of June 30, 2009 and 2008:

**Table 1
Condensed Statement of Net Assets**

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Current Assets	\$ 172,675	\$ 129,646	33.19%
Restricted Assets	79,918	74,714	6.97 %
Noncurrent Assets-Capital Assets	<u>1,232,528</u>	<u>1,251,356</u>	(1.50)%
Total Assets	<u>\$ 1,485,121</u>	<u>\$ 1,455,716</u>	2.02%
Current Liabilities	\$ 64,300	\$ 73,562	(12.59)%
Long-term Liabilities	<u>522,125</u>	<u>525,140</u>	(.57)%
Total Liabilities	<u>586,425</u>	<u>598,702</u>	(2.05)%

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2009**

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Net Assets			
Invested in capital assets, net of related debt	708,102	708,102	0.00%
Restricted for debt service	79,918	75,526	5.82 %
Unrestricted	<u>110,676</u>	<u>73,386</u>	50.81%
Total Net Assets	<u>\$ 898,676</u>	<u>\$ 857,014</u>	4.86 %

The largest portion of the District's net assets (\$708,102 or 78% as of June 30, 2009 and 82% as of June 30, 2008) is in its investment in capital assets such as the water system and equipment less related debt expended in the acquisition of those assets. Another portion of the District's net assets (\$79,918 or 9% as of June 30, 2009 and \$75,526 or 9% as of June 30, 2008) is restricted to paying long-term debt. The remaining balance of the net assets (\$110,676 or 13% as of June 30, 2009 and \$73,386 or 9% as of June 30, 2008) may be used to pay current operating expenses.

The business type of activities of the District which result from fees charged to customers for water use and related charges increased net assets by \$41,682 during the current year.

A summary of changes in net assets is presented below:

**Table 2
Condensed Statements of Revenues,
Expenses, and Changes in Net Assets**

Revenue	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Operating--charges for services	\$ 330,716	\$ 316,837	4.38 %
Non-operating--FEMA reimbursement	12,159	0	100.00%
Non-operating--Interest income	<u>1,114</u>	<u>2,616</u>	(57.40)%
Total Revenue	<u>343,989</u>	<u>319,453</u>	7.68 %
Expenses			
Depreciation	59,765	54,034	10.61%
Other operating expenses	<u>211,226</u>	<u>231,176</u>	(8.63)%
Total Operating Expenses	<u>270,991</u>	<u>285,210</u>	(4.99) %
Non-operating--Bad debt	1,000	2,450	(59.18)%
Non-operating--Interest expense	<u>30,316</u>	<u>24,435</u>	(0.32)%
Total Expenses	<u>302,307</u>	<u>312,095</u>	(3.14)%
Change in Net Assets	<u>\$ 41,682</u>	<u>\$ 7,358</u>	466.49%
Net Assets, Beginning	<u>857,014</u>	<u>849,656</u>	
Net Assets, Ending	<u>\$ 898,696</u>	<u>\$ 857,014</u>	

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2009**

CAPITAL ASSETS AND DEBT ADMINISTRATION

At June 30, 2009 and 2008, the District had \$708,102, net of accumulated depreciation and net of related debt, invested in capital assets, including land, right of ways, plant and distribution system, and equipment. Capital additions for the year ended June 30, 2009 amounted to \$40,936 and for June 30, 2008 were \$34,734.

At June 30, 2009 and 2008, the District had \$535,974 and \$543,254 in bonds outstanding respectively. The non-current liabilities decreased by \$7,280 in the current year due to the scheduled payments made on the debt.

**Table 3
Outstanding Debt at Year-End**

Water Revenue Bonds:	2009	2008
Long-term	\$ 522,125	\$ 525,140
Current	13,849	18,114
Total	<u>\$ 535,974</u>	<u>\$ 543,254</u>

BUDGETARY HIGHLIGHTS

Operating revenues exceeded budget by \$20,008 primarily because the FEMA reimbursement of \$12,159 for storm damages was not included in the budget. Also, water sales exceeded budget by \$2,486, connection fees exceeded budget by \$3,290 and late fees exceeded budget by \$1,981. Total operating expenses were \$16,855 less than budgeted. The expenses which exceeded budget were depreciation expense by \$2,765 due to the purchase of an excavator during the current year, and generator fuel and repairs and maintenance which exceeded budget by \$2,465 and \$1,963 respectively, primarily due to Hurricane Gustav damages. Operating expenses which were less than budget were: insurance by \$2,593, salaries by \$7,640, payroll tax by \$1,196, postage and office supplies by \$2,062 and professional and legal by \$4,155. Operating income exceeded budget by \$24,704 mainly due to the increase in water customers and usage and savings on operating expenses. Budgeted net income was \$36,911 less than actual net income due to \$12,159 income not in the budget which was reimbursed by the Federal Emergency Management Association for Hurricane Gustav storm damages.

OTHER CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

In management's opinion, the cash flow from the District's operations will continue to increase due to the growth of the customer base and implementation of a rate increase that will go into effect in December of 2009. The average number of customers increased from 875 in the prior year to 896 in the current year. As the number of customers increase, the water revenues will also increase. Management expects that the profit will remain stable in the upcoming year due to revenue growth and increased expenses due to hiring of an additional full-time employee and continued improvements being made to the water system.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2009**

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our customers and other users with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Waterworks District No. 7 of East Feliciana Parish's office in Clinton, Louisiana, phone number 225-683-9124.

WATERWORKS DISTRICT # 7 OF EAST FELICIANA PARISH
A COMPONENT UNIT OF EAST FELICIANA PARISH POLICE JURY
CLINTON, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2009
(WITH COMPARATIVE DATA AS OF JUNE 30, 2008)

ASSETS

	<u>2009</u>	<u>2008</u>
<u>CURRENT ASSETS</u>		
Cash - operating	\$ 149,361	\$ 83,319
Less: restricted cash	(38,950)	
Accounts receivable (net of allowance for bad debts of \$7,250 for 2009 and \$6,250 for 2008)	41,437	36,514
Accounts Receivable FEMA	12,159	
Prepaid Insurance	<u>8,668</u>	<u>9,813</u>
	<u>172,675</u>	<u>129,646</u>
<u>CAPITAL ASSETS</u>		
Land and land lease	9,500	9,500
Water Utility System	2,013,901	1,972,964
Less accumulated depreciation	<u>(790,873)</u>	<u>(731,108)</u>
	<u>1,232,528</u>	<u>1,251,356</u>
	<u>1,405,203</u>	<u>1,381,002</u>
<u>RESTRICTED ASSETS</u>		
Cash:		
Reserve fund	36,890	34,518
Depreciation fund	4,079	40,196
Restricted portion of current cash accounts	<u>38,950</u>	<u> </u>
	<u>79,918</u>	<u>74,714</u>
 <u>Total Assets</u>	 <u>\$ 1,485,121</u>	 <u>\$ 1,455,716</u>

The accompanying notes are an integral part of the financial statements.

LIABILITIES, RESERVES, AND NET ASSETS

	<u>2009</u>	<u>2008</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 6,501	\$ 11,098
Customer deposits	43,950	44,350
Current amount of bonds payable	<u>13,849</u>	<u>18,114</u>
	<u>64,300</u>	<u>73,562</u>
 <u>LONG TERM LIABILITIES</u>		
Revenue bonds payable less current portion	<u>522,125</u>	<u>525,140</u>
 <u>Total Liabilities</u>	 <u>586,425</u>	 <u>598,702</u>
 <u>NET ASSETS</u>		
Contributed capital -		
governmental grants	1,169,600	1,169,600
Contribution in aid of construction	<u>7,180</u>	<u>7,180</u>
	<u>1,176,780</u>	<u>1,176,780</u>
 Reserve for depreciation fund	39,336	37,116
Reserve for revenue note fund	40,582	38,410
Net assets (deficit)	<u>(358,002)</u>	<u>(395,292)</u>
	<u>(278,004)</u>	<u>(319,766)</u>
 <u>Total Net Assets</u>	 <u>898,696</u>	 <u>857,014</u>
 <u>Total Liabilities, Reserves and Net Assets</u>	 <u>\$ 1,485,121</u>	 <u>\$ 1,455,716</u>

WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH
A COMPONENT UNIT OF EAST FELICIANA POLICE JURY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2008)

	<u>2009</u>	<u>2008</u>
<u>OPERATING REVENUES</u>		
Water sales	\$ 312,486	\$ 302,671
Safe water drinking fee	2,867	2,764
Miscellaneous income	92	235
Late fees	7,481	4,992
Connection fees	<u>7,790</u>	<u>6,175</u>
	<u>330,716</u>	<u>316,837</u>
<u>OPERATING EXPENSES</u>		
Advertising	231	
Auto	9,532	7,280
Bank charges	107	73
Bill processing and management fees	6,518	32,369
Board fees	3,900	3,960
Clerical Services	4,050	3,728
Depreciation	59,682	54,034
Dues and subscriptions	576	1,190
Employee Benefits/Payroll Tax	5,304	6,209
Insurance	17,407	15,566
Equipment rental	7,961	665
Legal and professional	12,845	19,582
Miscellaneous	423	400
Office expenses	1,184	2,667
Rent	6,600	6,600
Repairs and maintenance	12,120	8,362
Safe water drinking fee	2,546	2,497
Salaries	67,360	67,326
Supplies	24,843	23,981
Telephone	5,953	4,457
Travel	464	927
Utilities	18,083	19,983
Other	<u>3,302</u>	<u>3,354</u>
	<u>270,991</u>	<u>285,210</u>
OPERATING INCOME (LOSS)	<u>59,725</u>	<u>31,627</u>

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH
A COMPONENT UNIT OF EAST FELICIANA POLICE JURY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2008 (continued))

NONOPERATING REVENUES (EXPENSES)

Interest income	1,114	2,616
Bad debts	(1,000)	(2,450)
Interest expense	(30,316)	(24,435)
FEMA	12,159	
	<u>(18,043)</u>	<u>(24,269)</u>

CHANGE IN NET ASSETS

	<u>41,682</u>	<u>7,358</u>
Net assets at beginning of year	857,014	849,656
Prior Period Adjustment		
Net assets end of year	<u>\$ 898,696</u>	<u>\$ 857,014</u>

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT # 7 OF EAST FELICIANA PARISH
STATEMENT OF CASH FLOWS
JUNE 30, 2009
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2008)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 325,793	\$ 315,757
Cash payments to suppliers for goods and services	(144,302)	(172,115)
Cash payments to employees for services	<u>(72,664)</u>	<u>(67,326)</u>
Net Cash Provided by (used for) Operating Activities	108,827	76,316
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on bonds payable	(7,280)	(18,114)
Interest paid on bonds payable	(30,316)	(24,435)
Acquisition of capital assets	(40,937)	(34,734)
Other	<u>34,634</u>	<u>(11,732)</u>
Net Cash (used for) Capital and Related Financing Activities	(43,899)	(89,015)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments		
Cash flows from Investing Activities		
Interest on investments	<u>1,114</u>	<u>2,616</u>
INCREASE (DECREASE) IN CASH	66,042	(10,083)
Cash and Cash Equivalents, Beginning of Year	<u>83,319</u>	<u>93,402</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>149,361</u>	<u>83,319</u>
Cash and Cash Equivalents -		
Unrestricted	110,411	83,319
Restricted	<u>38,950</u>	<u>-0-</u>
	<u>149,361</u>	<u>83,319</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
<u>Income from operations</u>	<u>59,725</u>	<u>31,627</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	59,682	54,034
Net Change in Assets and Liabilities -		
Increase (Decrease) in bad debt reserve	1,000	2,450
(Increase) Decrease in accounts receivable	(4,923)	3,530
Land and Land Lease	83	83
(Increase) Decrease in prepaid expense	1,145	3,278
Additional reserve for note & depreciation fund	4,392	10,079
Increase (Decrease) in accounts payable	(4,597)	(11,651)
Increase (Decrease) in bonds payable	(7,280)	(18,114)
Increase (Decrease) in customer security deposits	<u>(400)</u>	<u>1,000</u>
Total Adjustments	<u>49,102</u>	<u>44,689</u>
Net Cash provided by (used for) operating activities	<u>\$ 108,827</u>	<u>\$ 76,316</u>

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH
SCHEDULE OF EXPENDITURES FOR FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Financial Assistance Expenditures</u>
U.S. Department of Agriculture, Office for Rural Development Water and Waste Disposal Systems for Rural Communities	<u>10.418*</u>	<u>\$ 535,974</u>

* Outstanding loan balances--Major Programs as defined by OMB Circular A-133

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT # 7 OF EAST FELICIANA PARISH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Waterworks District #7 of East Feliciana Parish is a component unit of East Feliciana Parish Police Jury and was organized to provide water distribution services to residents of East Feliciana Parish.

This fund is a proprietary fund of the East Feliciana Parish Police Jury. A proprietary fund, also known as an enterprise fund, is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is to finance or recover the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

A. Basis of Accounting

The financial statements of Waterworks District # 7 are maintained on an accrual basis of accounting. This method recognizes revenues when they are earned, and expenses when they are incurred. The District complies with Generally Accepted Accounting Principles.

For the year ended June 30, 2004, the Waterworks District # 7 of East Feliciana Parish implemented GASB Statement No. 34, *Basic Financial Statements - and Management Discussion and analysis for State and Local Governments*.

June 30, 2004 was the first time the financial statements included:

A Management Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the Water District's activities.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

B. Accounts Receivable

The District's billing cycle may extend into the subsequent year. If that occurs, accounts receivable at June 30, 2009 have been adjusted to allow for a year end cut-off date.

WATERWORKS DISTRICT # 7 OF EAST FELICIANA PARISH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Taxes

Waterworks District # 7 is a proprietary fund of East Feliciana Parish Police Jury. Consequently, they are exempt from paying federal and state income tax. All other local, state and federal taxes are paid current.

D. Deposited Funds

Under state law, Waterworks District # 7 of East Feliciana Parish may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in United States bonds, treasury notes or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. Deposits (cash and certificates of deposits) are reported at cost which equals market value. The balance of these deposits as of June 30, 2009 was \$190,329.

E. Reporting Entity

The accompanying financial statements include only the accounts and transactions of Waterworks District # 7 of East Feliciana Parish. The Waterworks District is owned by the East Feliciana Parish Police Jury which is the governing authority of East Feliciana Parish, State of Louisiana. The governing authority appoints members of the Water District's Board of Directors. The board exercised all administrative functions with respect to the operation and management of the Water District.

F. Plant and Equipment

Plant and equipment are stated at cost and do not purport to represent replacement or realizable values. The cost of depreciable property, plant and equipment is charged to earnings over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expenses as incurred; expenditures for renewals and betterments are generally capitalized. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue. Depreciation of all depreciable property, plant and equipment is computed using the straight-line method over the following lives:

<u>ASSET</u>	<u>ESTIMATED USEFUL LIFE</u>
Water System	10-40 years
Land	N/A

WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Statement of Cash Flows

For the purposes of the statement of cash flows, the District considers all unrestricted bank accounts and certificates of deposit with an initial maturity of six months or less to be cash.

H. Comparative Data

Comparative data for the prior period has been presented in the accompanying financial statements to provide an understanding of the changes in the District's financial position and operations.

I. Interest Capitalization

Interest costs are capitalized when incurred on debt where proceeds were used to finance construction costs. For the year ending June 30, 2008, no interest was capitalized.

J. Concentration of Credit Risk

In the normal course of business, the District extends unsecured credit to its customers in East Feliciana Parish in the State of Louisiana.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Basis of Presentation

The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

M. Net Assets

The District utilizes reserves to denote that portion of net assets, which is not available for expenditures or is legally segregated for specific use. Reserves are as indicated on the balance sheet.

WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE #2: RESTRICTED ASSETS

The Revenue Bond Resolution, Section 8, adopted the 5th day of September 1985, amended on the 19th day of February 1987 and on the 3rd day of August 2001 provides for all income and revenue derived from the operation of the District to be pledged for the security and payment of Series A Bond and Series 2001 Water Revenue Bonds.

All income and revenues derived from the operation or ownership of the System shall be deposited periodically as the same may be collected in a separate and special bank account to be established with the regularly designated fiscal agent bank of the District and to be known as the Waterworks System Revenue Fund (the "Revenue Fund"). Said fund shall be established, maintained and administered and the money deposited therein shall be expended for the following expenses payable in the following order of priority:

- (A) The payment of current expenses of the System from month to month as the same become due and payable. Current expenses will not exceed the reasonable and necessary costs of operating, repairing, maintaining and insuring the System.
- (B) The establishment and maintenance of a Waterworks System Revenue Bond and Interest Sinking Fund (the "A Bond Sinking Fund"), sufficient in amount to pay promptly and fully the principal of and interest on the Bond, including any pari passu bonds issued hereafter, in the manner provided in the resolution, as they severally become due and payable, by depositing with the depository bank by transferring from said Revenue Fund to the Bond Sinking Fund before the 20th day of each month of each year beginning on the first day of the month following delivery of this bond, a sum equal to one-twelfth (1/12) of the interest falling due on the Bond on the next interest payment date and, in addition, a sum equal to one-twelfth (1/12) of the principal on the bond falling due on the next principal payment date, together with such additional proportionate sum as may be required as the same shall respectively become due. Money in the Sinking Funds shall be deposited as trust funds and shall be used solely and is hereby expressly and exclusively pledged for the purpose of paying principal and interest on the Bond and parity bonds.

The payment is now being remitted monthly, by bank draft, to USDA Department of Rural Development, the current bond holder. As of June 30, 2009 Waterworks District # 7 had made the payments as required by the agreement. Following the required payments to the Bond Sinking Fund, the monies remaining in the Revenue Fund shall be distributed in accordance with the following paragraphs:

- (C) The establishment and maintenance of a Waterworks System Revenue Bond Reserve Fund (hereinafter called the "Reserve Fund"), by transferring to the depository bank (a member of the Federal Deposit Insurance Corporation) monthly, in advance, on or before the 20th day of each month of each year, beginning not later than the first full month in which the System becomes revenue-producing, a sum equal to One Hundred Eighty One dollars (\$181.00) the payments to continue until such time as there has been accumulated therein a sum equal to

WATERWORKS DISTRICT # 7 OF EAST FELICIANA PARISH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE #2: RESTRICTED ASSETS (CONTINUED)

Forty Three Thousand Two Hundred Seventy Five dollars and Ninety cents (\$43,275.90) the highest annual debt service, including both principal and interest payable in any future fiscal year on the outstanding principal of the Bond. The money in the Reserve Fund is to be retained solely for the purpose of paying the principal and the interest on all bonds payable from the Bond Sinking Fund as to which there would otherwise be default. As of June 30, 2009, Waterworks District # 7 had made the payments as required by the agreement.

- (D) The establishment and maintenance of a "Depreciation and Contingency Fund" by transferring from the said Revenue Fund on or before the 20th day of each month commencing with the first full month in which the complete System becomes revenue-producing, to the depository bank, the sum of One Hundred and Two dollars (\$102.00) until the project being funded with the Series 2001 Bonds is completed, and then One Hundred Eighty Five dollars (\$185.00) per month over the life of the bonds. All monies in the Depreciation and Contingency Fund may be drawn on and used by the District for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, replacements and extensions; and the costs of improvements to the System which will either enhance its revenue-producing capacity or provide a higher degree of service. In the event the available balances in the Bond Sinking Fund and/or Reserve Fund shall at any principal or interest payment date be insufficient to pay the next installment of principal and/or interest and to maintain the required debt service, reserve funds on deposit in the Depreciation and Contingency Fund shall be transferred in such amounts as are necessary to eliminate the deficiencies, respectively, in the Bond Sinking Fund and the Reserve Fund. As of June 30, 2009 Waterworks District # 7 had remitted the required payments to this fund.

NOTE #3: BONDS PAYABLE

The following is a summary of bond transactions of the Waterworks District # 7 for the year ended June 30, 2009:

Revenue bonds issued July 8, 1988 (Beginning)	\$ 225,074
Revenue bonds retired, during the year	<u>3,369</u>
Revenue bonds payable, end of year	<u>221,705</u>
 Revenue bonds issued July 29, 1993 (Beginning)	 53,058
Revenue bonds retired, during the year	<u>964</u>
Revenue bonds payable, end of year	<u>52,094</u>
 Revenue bonds issued August 3, 2001 (Beginning)	 265,121
Revenue bonds retired, during the year	<u>2,946</u>
Revenue bonds payable, end of year	<u>262,175</u>
 Total revenue bonds payable, end of year	 535,974
Revenue bonds payable, current amount	<u>13,849</u>
Total revenue bonds payable, long term amount	<u>\$ 522,125</u>

WATERWORKS DISTRICT # 7 OF EAST FELICIANA PARISH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE #3: BONDS PAYABLE (CONTINUED)

Bonds payable are comprised of the following individual issues:

\$305,600 - Waterworks Revenue Bonds, Series 1987 dated July 8, 1987; due in annual installments of \$21,863, including interest at 6.5%, beginning with the third anniversary date of the bond and thereafter, for a period of forty (40) years. The first two payments were for interest only in the amount of \$19,900.

\$74,800 - Waterworks Revenue Bonds, Series 1991 dated July 29, 1993; due in monthly installments of \$397.94, including interest at 5.625%, beginning on August 8, 1995 and thereafter, for a period of thirty eight (38) years.

\$295,000 - Waterworks Revenue Bonds, Series 2001 dated August 3, 2001; due in monthly installments of \$1,386.50, including interest at 4.75%, beginning on September 3, 2002 and thereafter, for a period of forty (40) years.

The annual requirements to amortize all debt outstanding as of June 30, 2009, including interest payments are as follows:

<u>YEAR ENDING</u> <u>JUNE 30,</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2010	29,428	13,849	43,277
2011	28,439	14,838	43,277
2012	23,011	20,266	43,277
2013	26,779	16,498	43,277
2014	25,976	17,301	43,277
Thereafter	<u>258,722</u>	<u>453,223</u>	<u>711,945</u>
	<u>\$ 392,355</u>	<u>\$ 535,975</u>	<u>\$ 928,330</u>

Total requirements for the reserve and contingency requirements for the next five years are \$4,392 each year.

NOTE #4: PROPERTY, PLANT AND EQUIPMENT

The following is a summary of changes in property, plant and equipment for the fiscal year:

	<u>BALANCE</u> <u>6/30/08</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6/30/09</u>
Land	\$ 9,500			\$ 9,500
Water System	<u>1,972,964</u>	<u>40,937</u>		<u>2,013,901</u>
	<u>1,982,464</u>	<u>40,937</u>		<u>2,023,401</u>
Accumulated Depreciation and Amortization Water System	<u>\$ 731,108</u>	<u>\$ 59,765</u>		<u>\$ 790,873</u>

WATERWORKS DISTRICT # 7 OF EAST FELICIANA PARISH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE #5: RELATED PARTY TRANSACTIONS

The Water District obtains water under the terms of a local service agreement entered into with East Feliciana Parish Police Jury. The water is obtained from a well which was constructed with proceeds from a H.U.D. grant (\$155,000) to East Feliciana Parish Police Jury. The well is located on property owned by Waterworks District # 7 of East Feliciana Parish.

The service agreement provides for a fifty (50) year lease commencing on the date the well is first placed into service. The District is to operate and maintain the water well. The Parish has granted to the District a franchise to operate a waterworks utility system.

The sole consideration obligated to be paid by the District is to issue waterworks revenue bonds to place into operation a waterworks utility system for use and benefit of customers in East Feliciana Parish.

The District has the option to purchase the water well from the Parish at any time by paying to the Parish a sum equal to the original cost of the well less depreciation as may be certified by the District's Consulting Engineer.

The District and the Parish covenant agree that no action will ever be taken by the Parish or District which would have the effect of impairing the security for, or the payment of the Waterworks Revenue Bond.

NOTE #6: CERTIFICATES OF DEPOSIT

The District has the following certificates of deposit with Feliciana Bank & Trust Company:

<u>MATURITY DATE</u>	<u>ANNUAL INTEREST RATE</u>	<u>AMOUNT</u>
November 2, 2009	2.75%	\$ 54,300

NOTE #7: COMPENSATION PAID TO BOARD MEMBERS

<u>BOARD MEMBER</u>	<u>TERM EXPIRES</u>	<u>AMOUNT</u>
Mary Dunn	July 2009	\$ 840
Samuel Brown	July 2009	840
Larry Granier	July 2009	840
Robert Taylor	July 2009	660
John Stewman	July 2009	<u>720</u>
		<u>\$3,900</u>

WATERWORKS DISTRICT # 7 OF EAST FELICIANA PARISH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE #8: AGING OF ACCOUNTS RECEIVABLE

Aging of accounts receivable as of June 30, 2009 is as follows:

	<u>CURRENT</u>	<u>30 DAYS</u>	<u>60 DAYS</u>	<u>90 DAYS</u>	<u>TOTAL</u>
Total	<u>\$ 40,304</u>	<u>\$ 1,946</u>	<u>\$ 663</u>	<u>\$ 5,774</u>	<u>\$ 48,687</u>

Provision for uncollectible accounts receivable was \$7,250 at June 30, 2009. Included in the accounts receivable balance is \$13,609 unbilled receivables due to the billing cycle.

NOTE #9: LEASE

The District entered into a sixty (60) year lease for land commencing on August 3, 1999 and terminating on August 2, 2058 after prepaying \$5,000 for the entire term of the lease. This amount has been recorded as a fixed asset and is being amortized over the lease period. Amortization was recorded in the amount of \$83 for the current year and is included in depreciation expense. Accumulated amortization was \$826 as of June 30, 2009.

NOTE #10: RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets and errors and omissions. To handle such risk of loss, the District maintains commercial liability and surety bond insurance policies. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2009 or June 30, 2008.

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November 18, 2009

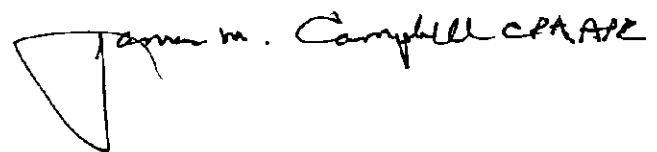
INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Waterworks District # 7 of
East Feliciana Parish
Clinton, Louisiana 70722

Our report on our audit of the basic financial statement of

WATERWORKS DISTRICT # 7
OF EAST FELICIANA PARISH

as of and for the year ended June 30, 2009, appears on Page 1. That audit was made for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplementary information and statistical data on pages 23 through 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements of Waterworks District # 7 of East Feliciana Parish. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

 James M. Campbell CPA, AICPA

WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES AND EXPENSES
PERCENTAGE OF TOTAL OPERATING REVENUE
FOR THE YEAR ENDED JUNE 30, 2009

	<u>AMOUNT</u>	<u>PERCENTAGE OF TOTAL OPERATING REVENUE</u>
<u>OPERATING REVENUE</u>		
Water sales	\$ 312,486	94.5
Safe water drinking fee	2,867	.9
Connection fees	7,790	2.4
Late fees	7,481	2.2
Miscellaneous Income	92	.0
Total	<u>330,716</u>	<u>100.0</u>
<u>OPERATING EXPENSES</u>		
Advertising	231	.0
Auto	9,532	2.8
Bank charges	107	.1
Bill processing and management fees	6,518	2.0
Board fees	3,900	1.2
Clerical Services	4,050	1.2
Depreciation and amortization	59,682	18.1
Dues and subscriptions	576	.1
Employee benefits/payroll tax	5,304	1.6
Equipment Rental	7,961	2.4
Insurance	17,407	5.3
Legal and professional	12,845	3.8
Miscellaneous	423	.1
Office supplies	1,184	.4
Repairs, maintenance and supplies	12,120	3.7
Rent Equipment	-0-	.0
Safe water drinking fee	2,546	.7
Salaries	67,360	20.4
Supplies	24,843	7.5
Rent	6,600	1.9
Telephone	5,953	1.8
Travel	464	.1
Utilities	18,083	5.5
Other	3,302	1.2
	<u>270,991</u>	<u>81.9</u>
<u>NET OPERATING INCOME (LOSS)</u>	<u>59,725</u>	<u>18.1</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest income	1,114	.3
Bad debts	(1,000)	(.3)
Interest expense	(30,316)	(9.2)
FEMA	12,159	3.7
	<u>(18,043)</u>	<u>(5.5)</u>
<u>CHANGE IN NET ASSETS</u>	<u>\$ 41,682</u>	<u>12.6</u>

See auditor's report on supplementary information.

WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH
SUPPLEMENTARY INFORMATION
STATISTICAL DATA
WATER SALES
FOR THE YEAR ENDED JUNE 30, 2009

<u>MONTH</u>	<u>NUMBER OF CUSTOMERS</u>	<u>GALLONS (THOUSANDS)</u>	<u>AMOUNT</u>
July	884	8,308.2	\$ 25,672
August	886	6,622.3	28,485
September	885	5,789.3	26,138
October	896	5,095.3	24,219
November	898	5,085.9	24,161
December	902	4,322.2	22,030
January	902	6,564.2	28,459
February	899	4,735.5	23,252
March	902	4,709.3	23,772
April	903	5,904.3	26,601
May	899	5,515.2	25,482
June	897	<u>7,038.0</u>	<u>29,784</u>
TOTAL		<u>69,689.7</u>	<u>\$308,055</u>
 <u>AVERAGE</u>	896		

See auditor's report on supplementary information.

WATERWORKS DISTRICT # 7 OF EAST FELICIANA PARISH
SUPPLEMENTARY INFORMATION
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2009

<u>NUMBER</u>	<u>EXPIRATION DATE</u>	<u>COMPANY AND COVERAGE</u>	<u>AMOUNT</u>
170004914907802	09-01-07 - 09-01-2009	Bankers Insurance Company General Liability Insurance Aggregate Limit Personal and Advertising Each Occurrence Limit Fire Damage Limit Medical Expense Limit Money and Securities (inside) Valuable Papers and Records	 \$ 2,000,000 1,000,000 INCLUDED 1,000,000 50,000 5,000 10,000 25,000
RGP-100007100	05-17-09 - 05-17-2010	Southern Insurance Company Auto Coverage Liability Uninsured Motorists	 \$ 500,000 INCLUDED
68686855	02-18-09 - 02-18-2010	CNA Surety Company Fidelity Bond	 \$ 88,600
GGACF 4048-P	12-02-08 - 12-02-2009	Galland General Agency, Inc. Property business Damage Aggregate Limit	 \$ 118,000
22983-A	05-05-09 - 05-05-2010	Louisiana Workers' Compensation Corporation	Statutory

See auditor's report on supplementary information

WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH
SUPPLEMENTAL INFORMATION
COMPARATIVE DATA
JUNE 30, 2009

	<u>JUNE</u>			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating Revenues	330,716	\$ 316,837	\$ 281,998	\$ 260,038
Operating Expenses	270,991	285,210	293,997	241,032
Operating Income (Loss)	59,725	31,627	(2,809)	19,006
Nonoperating Revenue	1,114	2,615	2,625	2,625
Nonoperating Expenses	(19,157)	(26,884)	(29,020)	(32,298)
<u>NET INCOME (LOSS)</u>	41,682	7,358	(31,829)	(10,668)
<u>OTHER DATA:</u>				
Property, Plant and Equipment (net)	1,232,528	1,251,356	1,270,740	1,323,325
Net Working Capital	104,161	56,084	59,046	50,624
Total Assets	1,485,121	1,455,716	1,475,021	1,507,264
Bonds and Other Long-term Liabilities	522,125	525,140	549,040	561,367
Total Equity	894,482	857,014	849,656	881,485
Average # of Customers	896	876	847	800

See auditor's report on supplementary information

WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH
SCHEDULE OF REVENUES AND EXPENSES
BUDGET COMPARISON
FOR THE YEAR ENDED JUNE 30, 2009

	<u>2009</u> <u>ACTUAL</u>	<u>2009</u> <u>BUDGET</u>
<u>OPERATING REVENUES</u>		
Water sales	\$ 312,486	\$ 310,000
Safe water drinking fee	2,867	2,867
Late fees	7,481	5,500
Connection fees	7,790	4,500
Miscellaneous	92	0
	<u>330,716</u>	<u>322,867</u>
<u>OPERATING EXPENSES</u>		
Advertising	231	400
Auto	9,532	12,000
Bank charges	107	200
Bill processing and management fees	6,518	6,000
Board fees	3,900	4,000
Clerical Services	4,050	4,000
Depreciation & amortization	59,765	57,000
Dues and subscriptions	576	500
Generator Fuel	2,965	500
Insurance	17,407	20,000
Legal and professional	12,845	17,000
Miscellaneous	423	500
Employee benefits/payroll Taxes	5,304	6,500
Office supplies and postage	1,438	3,500
Rent	6,600	7,200
Rent - Equipment	7,961	8,000
Repairs, maintenance & supplies	36,963	35,000
Safe water drinking fee	2,546	2,546
Salaries	67,360	75,000
Telephone	5,953	6,500
Travel	464	500
Utilities	18,083	21,000
	<u>270,991</u>	<u>287,846</u>
<u>OPERATING INCOME (LOSS)</u>	<u>59,725</u>	<u>35,021</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest income	1,114	1,250
Bad debt expense	(1,000)	(1,000)
Interest expense	(30,316)	(30,500)
FEMA	12,159	
	<u>(18,043)</u>	<u>(30,250)</u>
<u>CHANGE IN NET ASSETS</u>	<u>\$ 41,682</u>	<u>\$ 4,771</u>

See auditor's report for supplementary information.

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November 18, 2009

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Waterworks District # 7 of
East Feliciana Parish
Clinton, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Waterworks District # 7 of East Feliciana Parish, as of and for the year ended June 30, 2009, which collectively comprise the Waterworks District # 7 basic financial statements and have issued our report thereon dated November 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Waterworks District # 7 of East Feliciana Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Waterworks District # 7 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Waterworks District # 7 internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Waterworks District # 7 ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Waterworks District # 7 financial statements that is more than inconsequential will not be prevented or detected by the Waterworks District # 7 internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Concluded)


A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Waterworks District # 7 internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Waterworks District # 7 of East Feliciana Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors of Waterworks District # 7 of East Feliciana Parish, East Feliciana Parish Police Jury, City Council, United States Department of Agriculture and the Legislative Auditor of the State of Louisiana and others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under LA. Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.

 James M. Campbell CPA, APC

WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

A. Summary of Audit Results

1. The auditor's report expressed an unqualified opinion on the basic financial statements of Waterworks District # 7 of East Feliciana Parish.
2. No instances of noncompliance were disclosed during the audit of the basic financial statements.

WATERWORKS DISTRICT # 7 OF EAST FELICIANA PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

A. Summary of Audit Results

1. The auditor's report expressed an unqualified opinion on the basic financial statements of Waterworks District # 7 of East Feliciana Parish.
2. No instances of noncompliance were disclosed during the audit of the basic financial statements.

WATERWORKS DISTRICT # 7
OF EAST FELICIANA PARISH
JUNE 30, 2009

This report is intended solely for the information and use of the Board of Directors of Waterworks District # 7 of East Feliciana Parish, East Feliciana Parish Police Jury, United States Department of Agriculture and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under LA. Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.

Section 6 Management letter

None

Contact Person: Sammie Brown, President or Judith Kelly, Secretary